

# Houston Police Officer's Pension System

## Impact of Changes to Actuarial Assumptions and Methods

Based on July 1, 2009 Actuarial Valuation

Demographic Assumptions	Current	Proposed	Proposed	Proposed	Proposed	Proposed
Normal Cost Method	EAN - Traditional	EAN - Traditional	EAN - Replacement	EAN - Replacement	PUC	PUC
Valuation Interest Rate	8.50%	8.50%	8.50%	8.00%	8.50%	8.00%
Present value of future benefits	5,053,787	4,985,459	5,014,793	5,328,437	4,985,459	5,328,437
Present value of future normal costs	<u>(685,286)</u>	<u>(687,545)</u>	<u>(474,255)</u>	<u>(525,286)</u>	<u>(925,578)</u>	<u>(1,043,054)</u>
Actuarial Accrued Liability	4,368,501	4,297,913	4,540,538	4,803,151	4,059,881	4,285,383
Actuarial Value of Assets	<u>(3,430,946)</u>	<u>(3,430,946)</u>	<u>(3,430,946)</u>	<u>(3,430,946)</u>	<u>(3,430,946)</u>	<u>(3,430,946)</u>
Unfunded actuarial accrued liability	937,556	866,968	1,109,592	1,372,205	628,935	854,437
Funded ratio	78.50%	79.80%	75.60%	70.90%	84.50%	80.06%
ER Normal Cost %	15.54%	14.36%	6.16%	7.09%	20.66%	23.16%
Amortization Charge	<u>16.19%</u>	<u>14.98%</u>	<u>19.17%</u>	<u>22.45%</u>	<u>10.86%</u>	<u>14.20%</u>
ER Contribution Rate	31.73%	29.34%	25.33%	29.54%	31.52%	37.36%

EAN - Entry Age Normal

PUC - Projected Unit Credit